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INTERSTATE COMMERCE COMMISSION

COLLATERAL ASSIGNMENT OF LEASE dated as of December 1, 1975 (hereinafter called Collateral Assignment), by and between SCHOENFELD INVESTMENT CORPORATION, a Washington corporation (hereinafter called the Assignor), and SEATTLE-FIRST NATIONAL BANK, as Agent (hereinafter called the Agent).

WHEREAS, the Assignor and CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, a Wisconsin corporation (hereinafter called the Lessee), have entered into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Conditional Sale Agreement) with PULLMAN INCORPORATED (Pullman Standard Division), a Delaware corporation (hereinafter called the Builder), providing for the sale to the Assignor of the units of railroad equipment (hereinafter called the Equipment) described in Annex B to the Conditional Sale Agreement;

WHEREAS, the Builder, pursuant to an Agreement and Assignment of even date herewith between the Builder and the Agent, has assigned all of the Builder's right, title and interest in and to the Equipment and in and to the Conditional Sale Agreement to the Agent;

WHEREAS, the Assignor and the Lessee have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), providing for the leasing by the Assignor to the Lessee of the Equipment; and

WHEREAS, in order to provide security for obligations of the Assignor under the Conditional Sale Agreement and as an inducement for the Agent on behalf of an investor to invest in the Conditional Sale Indebtedness (as that term is defined in the Conditional Sale Agreement), the Assignor has agreed to assign for security purposes its rights in, to and under the Lease to the Agent;

Now, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. Subject to the provisions of Paragraph 13 hereof, the Assignor hereby assigns, transfers and sets over unto the Agent, as collateral security for the payment and performance of the Assignor's obligations under the Conditional Sale Agreement, all the Assignor's right, title and interest as Lessor under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other

sums payable to or receivable by the Assignor from the Lessee under or pursuant to the provisions of the Lease, whether as rent, casualty payment, indemnity, liquidated damages or otherwise, except for amounts which may become payable pursuant to Section 17 of the Lease (such moneys being hereinafter called the Payments), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Assignor, as Lessor, is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Agent in its own name, or the name of its nominee, or in the name of the Assignor or as its attorney, to ask, demand, sue for, collect and receive any and all sums to which the Assignor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

2. This Collateral Assignment is executed only as security and, therefore, the execution and delivery of this Collateral Assignment shall not subject the Agent to, or transfer, or pass, or in any way affect or modify the liability of the Assignor under the Lease, it being understood and agreed that notwithstanding this Collateral Assignment or any subsequent assignment, all obligations of the Assignor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Assignor or persons other than the Agent.

3. To protect the security afforded by this Collateral Assignment the Assignor agrees as follows:

(a) The Assignor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Assignor; without the written consent of the Agent, the Assignor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or ter-

minating the Lease, and the Assignor agrees that any amendment, modification or termination thereof without such consent shall be void.

(b) At the Assignor's sole cost and expense, the Assignor will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of the Assignor under the Lease.

(c) Should the Assignor fail to make any payment or to do any act which this Collateral Assignment requires the Assignor to make or do, then the Agent, but without obligation so to do, after first making written demand upon the Assignor and affording the Assignor a reasonable period of time within which to make such payment or do such act, but without releasing the Assignor from any obligation hereunder, may make or do the same in such manner and to such extent as the Agent may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Agent, and also the right to perform and discharge each and every obligation, covenant and agreement of the Assignor contained in the Lease; and in exercising any such powers, the Agent may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Assignor will reimburse the Agent for such costs, expenses and fees with interest at 12% per annum.

4. The Assignor does hereby constitute the Agent the Assignor's true and lawful attorney, irrevocably, with full power (in the name of the Assignor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Assignor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Agent may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Assignor's obligations under the Conditional Sale Agreement, this Collateral As-

signment and all rights herein assigned to the Agent shall terminate, and all estate, right, title and interest of the Agent in and to the Lease shall revert to the Assignor.

6. The Assignor represents and warrants that (a) the execution and delivery by the Assignor of the Lease, this Collateral Assignment and the Conditional Sale Agreement have each been duly authorized, and the Lease, this Collateral Assignment and the Conditional Sale Agreement are and will remain the valid and binding obligations of the Assignor in accordance with their terms, (b) the Assignor has not executed any other assignment of the Lease and the Agent's right to receive all Payments under the Lease is and will continue to be free and clear of any and all liens, agreements, security interests or other encumbrances, (c) notwithstanding this Collateral Assignment, the Assignor will conform and comply with each and all of the covenants and conditions in the Lease and the Conditional Sale Agreement set forth to be complied with by it, (d) to the knowledge of the Assignor, it has performed all obligations on its part to be performed under the Lease and the Conditional Sale Agreement on or prior to the date hereof and (e) the Lease and the Conditional Sale Agreement are in full force and effect and have not been canceled and to the best knowledge of the Assignor there has not occurred on or prior to the date hereof any Event of Default under the Lease or any event of default under the Conditional Sale Agreement or any event which with notice and/or lapse of time would constitute such an Event of Default or event of default.

If an event of default under the Conditional Sale Agreement shall occur and be continuing, the Agent may declare all sums secured hereby immediately due and payable and may at its option without notice and without regard to the adequacy of the security of the sums hereby secured, either in person or by an agent with or without bringing any action or proceeding or by a receiver to be appointed by a court, take possession of and operate the Equipment or any part thereof in accordance with the terms of the Conditional Sale Agreement and do any acts which the Agent deems proper to protect the security hereof, either with or without taking possession of the Equipment. The taking possession of the Equipment and the taking of any action permitted as aforesaid shall not cure or waive any default or waive, modify or affect any default hereunder or under the Lease or invalidate any act done hereunder.

7. The Assignor covenants and agrees with the Agent that in any suit, proceeding or action brought by the Agent, as assignee of the Assignor's right, title and interest under the Lease for any installment of, or interest on, any rental or other sum owing thereunder, or to enforce any provisions of the Lease, the Assignor will save, indemnify and keep the Agent harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Lessee, or its successors, arising out of a breach by the Assignor of any obligation under the Lease or arising out of any other indebtedness or liability at any time owing to the Lessee or its successors from the Assignor. Any and all such obligations of the Assignor shall be and remain enforceable against and only against the Assignor and shall not be enforceable against the Agent or any parties in whom any of the rights of the Assignor under the Lease shall vest by reason of successive assignments or transfers.

8. The Assignor will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, re-register, re-record or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Agent in order to confirm or further assure the interests of the Agent hereunder.

9. The Agent may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Agent hereunder. The Agent agrees to give written notice to Assignor of any such assignment.

10. This Collateral Assignment shall be governed by the laws of the State of Illinois, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

11. The Assignor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Agent at its address at P. O. Box 24186, Seattle, Washington 98124, attention of Corporate Trust Department, or at such other address as the Agent shall designate.

12. The Assignor will promptly cause this Collateral Assignment to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act.

13. Anything contained herein or in the Lease or in the Conditional Sale Agreement to the contrary notwithstanding, the Agent for itself and its successors and assigns hereby agrees with the Assignor and its successors and assigns that the Agent will not, so long as no Event of Default under the Lease or event of default under the Conditional Sale Agreement has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Assignor to the Agent by this Collateral Assignment.

14. Any of the obligations of the Assignor specified in this Collateral Assignment which, pursuant to Article 23 of the Conditional Sale Agreement, are to be satisfied by the Lessee's undertakings contained in the Lease, shall be deemed to be satisfied by the Lessee's undertakings in the Lease, subject, however, to the provisions of said Article 23.

IN WITNESS WHEREOF, the parties hereto have caused this Collateral Assignment of Lease to be duly executed as of the date first above written.

SCHOENFELD INVESTMENT CORPORATION

[CORPORATE SEAL]

By Irwin L. Fugate
Title: *Vice President*

Attest:

Norman H. Dean
Secretary

SEATTLE-FIRST NATIONAL BANK,
as Agent

[CORPORATE SEAL]

By [Signature]
Title: *Vice President and
ASST Trust Officer*

Attest:

[Signature]
Title: *Corporate Trust Officer*

STATE OF ILLINOIS }
COUNTY OF COOK } ss.:

On this 30th day of December, 1975, before me personally appeared IRWIN L. TREIGER, to me personally known, who, being by me duly sworn, says that he is a Vice President of SCHOENFELD INVESTMENT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Susan M. George
Notary Public

[NOTARIAL SEAL]

My Commission Expires: My Commission Expires October 31st, 1979

STATE OF ILLINOIS }
COUNTY OF COOK } ss.:

On this 30th day of December, 1975, before me personally appeared R. DAGG, to me personally known, who, being by me duly sworn, says that he is a ^{VICE} Vice President and Trust Officer of SEATTLE-FIRST NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Susan M. George
Notary Public

[NOTARIAL SEAL]

My Commission Expires: My Commission Expires October 31st, 1979

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

Receipt of a copy of, and due notice of the assignment made by, the foregoing Collateral Assignment of Lease is hereby acknowledged as of December 1, 1975.

CHICAGO, MILWAUKEE, ST. PAUL
AND PACIFIC RAILROAD COMPANY

By

R. K. Merrill

Title: VICE PRESIDENT - RAIL